



## QUEBEC'S ECONOMY SET TO GROW AT A MODESTLY FASTER PACE IN 2014: RBC ECONOMICS

**TORONTO, June 11, 2014** — Following the volatility caused by major strikes in the construction sector last summer, Quebec's economy has experienced fairly steady growth since and is on track to show a modestly stronger pace of growth this year and next, according to the latest [Provincial Outlook](#) issued today by RBC Economics. RBC is projecting real GDP growth of 1.9 per cent in 2014 and 1.8 per cent in 2015, compared to an estimated 1.1 per cent in 2013.

"So far this year, economic indicators for Quebec suggest that the provincial economy is expanding," said Craig Wright, senior vice-president and chief economist, RBC. "Most encouraging is provincial merchandise exports, which continue to advance – this is a sector that has run in reverse for the majority of the last 12 years."

The latest data from Institut de la statistique du Québec show that real merchandise exports rose 4.9 per cent year-over-year in the first quarter. While exports for aerospace equipment and parts were essentially flat, exports of many other goods – including minerals and metals, forest products and heavy trucks – showed considerable improvement. RBC anticipates strengthening U.S. demand and a more competitive Canadian dollar will continue to drive demand for Quebec's exports for the remainder of 2014.

The Provincial Outlook report notes that data so far this year pointed toward a cooler housing market and slower residential construction, though poor weather likely exaggerated the softness over the winter. Quebec's manufacturing sector, however, showed some strength; sales were up 4.1 per cent year-over-year in the first quarter, with gains broadly based across industries. Transportation equipment manufacturers and food producers, in particular, saw very strong increases at 16.8 per cent and 9.0 per cent, respectively.

"Gains in net trade will more than offset weakness in parts of the domestic economy, including the housing sector," said Wright.

Export-led growth should provide a boost to Quebec's labour market, says Wright. Since the start of the year, employment stats have been disappointing – a loss of 43,000 jobs was registered between January and May. RBC says that while unusually cold temperatures this winter may be partly to blame, this weakness could also reflect businesses' hesitation to hire and invest in the province. In fact, a Statistics Canada survey earlier this year found that private and public enterprises planned to reduce non-residential capital outlays by 0.3 per cent in 2014.

“As sales abroad continue to increase and as Quebec's overall economic performance improves, businesses in the province will regain confidence and begin hiring,” said Wright. “We forecast 0.5 per cent employment growth in 2014.”

The RBC Economics Provincial Outlook assesses the provinces according to economic growth, employment growth, unemployment rates, retail sales, housing starts and consumer price indices. The full report and provincial details are available online as of 8 a.m. ET today at [rbc.com/economics/economic-reports/provincial-economic-forecasts.html](http://rbc.com/economics/economic-reports/provincial-economic-forecasts.html).

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